

MONTGOMERY COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018

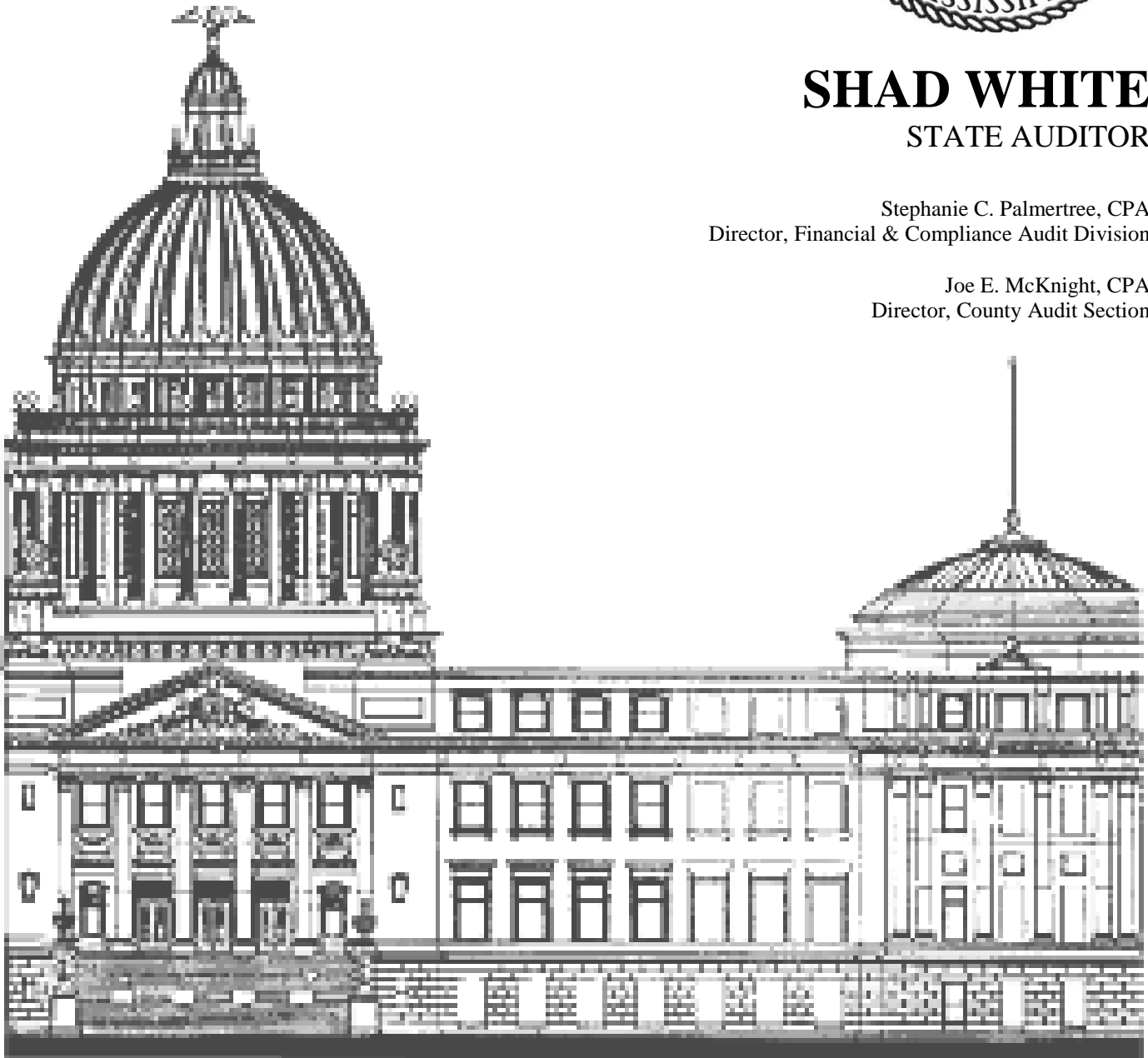


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

April 16, 2020

Members of the Board of Supervisors
Montgomery County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 financial and compliance audit report for Montgomery County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Montgomery County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Montgomery County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", enclosed within a large, loopy oval flourish.

Shad White

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

FINANCIAL SECTION

MONTGOMERY COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Montgomery County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Montgomery County, Mississippi, as of September 30, 2018, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi, as of September 30, 2018, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Montgomery County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Budgetary Comparison Schedules, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2020 on our consideration of Montgomery County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Montgomery County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 16, 2020

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

FINANCIAL STATEMENTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY
Statement of Net Position - Cash Basis
September 30, 2018

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 4,760,565
Total Assets	\$ 4,760,565
NET POSITION	
Restricted:	
Expendable:	
General government	\$ 258,351
Public safety	117,245
Public works	1,285,359
Health and welfare	80,508
Debt service	47,620
Unemployment compensation	13,509
Unrestricted	2,957,973
Total Net Position	\$ 4,760,565

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	<u>Program Cash Receipts</u>				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,281,995	297,496	17,169		(1,967,330)
Public safety	1,222,551	176,078	118,687	6,642	(921,144)
Public works	3,208,095	331,042	1,154,169	398,810	(1,324,074)
Health and welfare	134,077		47,705		(86,372)
Culture and recreation	64,763		108,684		43,921
Education	6,040				(6,040)
Conservation of natural resources	83,333				(83,333)
Economic development and assistance	61,512				(61,512)
Debt service:					
Principal	87,802				(87,802)
Interest	50,924				(50,924)
Total Governmental Activities	\$ 7,201,092	804,616	1,446,414	405,452	(4,544,610)
General receipts:					
Property taxes				\$	4,157,764
Road & bridge privilege taxes					132,338
Grants and contributions not restricted to specific programs					219,939
Unrestricted interest income					12,112
Miscellaneous					189,793
Sale of county property					9,800
Total General Receipts and Other Cash Sources					4,721,746
Changes in Net Position					177,136
Net Position - Beginning					4,583,429
Net Position - Ending				\$	4,760,565

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2018

Exhibit 3

	<u>Major Funds</u>			
	General	Unit System Road and Bridge Maintenance Fund	Other Governmental Funds	Total Governmental Funds
	Fund	Fund	Funds	Funds
ASSETS				
Cash	\$ 2,834,941	848,898	1,076,726	4,760,565
Total Assets	<u>\$ 2,834,941</u>	<u>848,898</u>	<u>1,076,726</u>	<u>4,760,565</u>
FUND BALANCES				
Restricted for:				
General government	\$		258,351	258,351
Public safety			117,245	117,245
Public works		848,898	436,461	1,285,359
Health and welfare			80,508	80,508
Debt service			47,620	47,620
Unemployment compensation			13,509	13,509
Committed to:				
Public works			185	185
Assigned to:				
Culture and recreation			122,847	122,847
Unassigned	2,834,941			2,834,941
Total Fund Balances	<u>\$ 2,834,941</u>	<u>848,898</u>	<u>1,076,726</u>	<u>4,760,565</u>

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2018

	Major Funds			
	General	Unit System	Other	Total
	Fund	Road and Bridge Maintenance Fund	Governmental Funds	Governmental Funds
RECEIPTS				
Property taxes	\$ 2,979,286	482,347	696,131	4,157,764
Road and bridge privilege taxes		132,338		132,338
Licenses, commissions and other receipts	133,782	11,608	3,807	149,197
Fines and forfeitures	174,074			174,074
Intergovernmental receipts	378,829	1,296,278	396,698	2,071,805
Charges for services			481,345	481,345
Interest income	10,389	692	1,031	12,112
Miscellaneous receipts	149,394	11,600	28,799	189,793
Total Receipts	3,825,754	1,934,863	1,607,811	7,368,428
DISBURSEMENTS				
General government	2,115,285		166,710	2,281,995
Public safety	834,042		388,509	1,222,551
Public works	17,807	2,260,412	929,876	3,208,095
Health and welfare	101,355		32,722	134,077
Culture and recreation			64,763	64,763
Education	6,040			6,040
Conservation of natural resources	83,333			83,333
Economic development and assistance	61,512			61,512
Debt service:				
Principal	58,802		29,000	87,802
Interest	42,211		8,713	50,924
Total Disbursements	3,320,387	2,260,412	1,620,293	7,201,092
Excess (Deficiency) of Receipts over (under) Disbursements	505,367	(325,549)	(12,482)	167,336
OTHER CASH SOURCES (USES)				
Sale of county property	9,800			9,800
Transfers in			197,484	197,484
Transfers out	(168,327)	(25,690)	(3,467)	(197,484)
Total Other Cash Sources and Uses	(158,527)	(25,690)	194,017	9,800
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	346,840	(351,239)	181,535	177,136
Cash Basis Fund Balances - Beginning	2,488,101	1,200,137	895,191	4,583,429
Cash Basis Fund Balances - Ending	\$ 2,834,941	848,898	1,076,726	4,760,565

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Montgomery County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Montgomery County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Tyler Holmes Hospital
- East Montgomery County Hospital
- Montgomery County Economic Development District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Governmental Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Unit System Road and Bridge Maintenance Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries. However, the balances in the Agency Funds for the year ended September 30, 2018 were \$0.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

D. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Assistant Comptroller.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$4,760,565, and the bank balance was \$5,316,960. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2018:

Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 168,327
Other Governmental Funds	Unit System Road and Bridge	25,690
	Maintenance Fund	
Other Governmental Funds	Other Governmental Funds	3,467
Total		\$ 197,484

The principal purpose of interfund transfers was to provide funds for operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Other Postemployment Benefits.

Plan Description

The Montgomery County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Montgomery County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired elected official with sixteen (16) years or more of service electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2018, retiree premiums were \$384 (monthly). Although, with regard to retirees, these amounts contain an implicit rate subsidy by the County through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

Contributions Made

Because the retiree insurance premiums are paid entirely by retiree contributions, there is no net cash outflow by the County related to these benefits when paid. Therefore, there are no cash basis disbursements reported for the County in regard to the plan benefits for retirees. For fiscal year 2018, retiree and beneficiaries receiving benefits contributed \$4,227 in the form of insurance premium payments.

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Commitment.

Montgomery County entered into an Interlocal Cooperation Agreement with the City of Winona, dated May 28, 2010, to support the Holiday Inn Express construction of infrastructure. The City of Winona issued tax increment financing bonds of \$350,000. Montgomery County has agreed to provide payments of 50% of the ad valorem taxes on the Holiday Inn assessment of real and personal property taxes ending in the fiscal year 2022. Montgomery County contributed \$18,400 in the fiscal year 2018.

(8) Joint Ventures.

The County participates in the following joint venture:

Montgomery County is a participant with the City of Winona in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Winona-Montgomery County Airport Authority. The joint venture was created to construct, manage, control and operate the Winona-Montgomery County Airport and it is governed by a five-member board of commissioners appointed as follows: Montgomery County, two; City of Winona, two; jointly, one. By contractual agreement, all costs of the airport shall be borne equally by both parties. The County contributed \$17,807 for maintenance and support of the airport in fiscal year 2018. Financial statements for the Winona-Montgomery County Airport Authority were not available.

(9) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Montgomery County Board of Supervisors appoints one of the eight members of the board of commissioners. The County contributed \$22,598 for support of the center in fiscal year 2018.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Montgomery County Board of Supervisors appoints four of the 28 members of the district board of directors. The County contributed \$26,487 for the maintenance and support of the district in fiscal year 2018.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Montgomery County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County contributed \$139,977 for maintenance and support of the college in fiscal year 2018.

Mid-Mississippi Regional Library System operates in a district composed of the counties of Attala, Holmes, Leake, Montgomery and Winston. The Montgomery County Board of Supervisors appoints one of the five members of the library board of directors. The County contributed \$165,279 for maintenance and support of the library in fiscal year 2018.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Montgomery County Board of Supervisors appoints one of the nine members of the board of commissioners. The County did not contribute any funds to the authority in fiscal year 2018.

(10) Defined Benefit Pension Plan.

Plan Description. Montgomery County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$290,014, \$287,429 and \$279,321, respectively, equal to the required contributions for each year.

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY

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MONTGOMERY COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development Passed-through the Mississippi Development Authority Community development block grants / state's program and non-entitlement grants in Hawaii	14.228	1102-15-049-PF-01	\$ <u>160,555</u>
U.S. Department of Justice Passed-through the Mississippi Department of Health Crime victim assistance	16.575	2015-VA-GX-4038	9,832
Crime victim assistance	16.575	2017-VA-GX-0049	7,471
Violence against women formula grants	16.588	2016-WF-AX-0043	62,015
Violence against women formula grants	16.588	2017-WF-AX-0047	<u>16,360</u>
Total U.S. Department of Justice			<u>95,678</u>
U.S. Department of Transportation Passed-through the Mississippi Department of Transportation Highway planning and construction cluster:			
Highway planning and construction	20.205	BR NBIS 089 B	17,400
Highway planning and construction	20.205	BR NBIS 092 B	<u>3,390</u>
Subtotal			<u>20,790</u>
Passed-through the Mississippi Department of Public Safety Alcohol open container requirements	20.607	154AL-2017-ST-14-91	2,912
Alcohol open container requirements	20.607	154AL-2018-ST-14-91	<u>9,088</u>
Subtotal			<u>12,000</u>
Total U.S. Department of Transportation			<u>32,790</u>
Appalachian Regional Commission (Direct) Appalachian area development	23.002	MS-18445	<u>32,022</u>
Appalachian Regional Commission Passed-through the Mississippi Development Authority, Community Services Division Appalachian area development	23.002	MS-18512	<u>191,862</u>
Total Appalachian Regional Commission			<u>223,884</u>

MONTGOMERY COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/Passed-through Passed-through the Mississippi Emergency Management Agency Disaster grants – public assistance (Presidentially declared disasters)*	97.036	097-99097-00	613,216
Emergency management performance grant	97.042	17EMPG	14,622
Total U.S. Department of Homeland Security			627,838
Total Expenditures of Federal Awards			\$ 1,140,745

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Montgomery County under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Montgomery County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Montgomery County.

Note B - Basis of Presentation

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Montgomery County has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

* Denotes major federal award program

MONTGOMERY COUNTY

OTHER INFORMATION

MONTGOMERY COUNTY

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Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – General Fund
MONTGOMERY COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,929,921	2,979,286	2,979,286	
Licenses, commissions and other receipts	158,962	133,782	133,782	
Fines and forfeitures	132,722	174,074	174,074	
Intergovernmental receipts	234,662	378,829	378,829	
Interest income	16,600	10,389	10,389	
Miscellaneous receipts	156,732	149,394	149,394	
Total Receipts	<u>3,629,599</u>	<u>3,825,754</u>	<u>3,825,754</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,231,190	2,115,285	2,115,285	
Public safety	904,015	834,042	834,042	
Public works	18,010	17,807	17,807	
Health and welfare	136,245	101,355	101,355	
Culture and recreation	20,725			
Education		6,040	6,040	
Conservation of natural resources	85,827	83,333	83,333	
Economic development and assistance	100,966	61,512	61,512	
Debt service:				
Principal		58,802	58,802	
Interest		42,211	42,211	
Total Disbursements	<u>3,496,978</u>	<u>3,320,387</u>	<u>3,320,387</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>132,621</u>	<u>505,367</u>	<u>505,367</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		9,800	9,800	
Transfers out		(168,327)	(168,327)	
Other financing sources	330,181			
Other financing uses	(554,881)			
Total Other Cash Sources and Uses	<u>(224,700)</u>	<u>(158,527)</u>	<u>(158,527)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(92,079)</u>	<u>346,840</u>	<u>346,840</u>	
Cash Basis Fund Balances - Beginning	<u>2,590,000</u>	<u>2,488,101</u>	<u>2,488,101</u>	
Cash Basis Fund Balances - Ending	<u>\$ 2,497,921</u>	<u>2,834,941</u>	<u>2,834,941</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

MONTGOMERY COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Unit System Road and Bridge Maintenance Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 451,991	482,347	482,347	
Road and bridge privilege taxes	106,000	132,338	132,338	
Licenses, commissions and other receipts		11,608	11,608	
Intergovernmental receipts	496,000	1,296,278	1,296,278	
Interest income		692	692	
Miscellaneous receipts	6,500	11,600	11,600	
Total Receipts	<u>1,060,491</u>	<u>1,934,863</u>	<u>1,934,863</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	1,182,309	2,260,412	2,260,412	
Total Disbursements	<u>1,182,309</u>	<u>2,260,412</u>	<u>2,260,412</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(121,818)</u>	<u>(325,549)</u>	<u>(325,549)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers out		(25,690)	(25,690)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(25,690)</u>	<u>(25,690)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(121,818)</u>	<u>(351,239)</u>	<u>(351,239)</u>	
Cash Basis Fund Balances - Beginning	<u>1,400,000</u>	<u>1,200,137</u>	<u>1,200,137</u>	
Cash Basis Fund Balances - Ending	<u>\$ 1,278,182</u>	<u>848,898</u>	<u>848,898</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this schedule.

MONTGOMERY COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2018
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
Land	\$ 211,973				211,973
Construction in progress	1,294,880	725,488		(1,871,928)	148,440
Infrastructure	9,714,318			1,871,928	11,586,246
Buildings	5,651,612				5,651,612
Mobile equipment	4,149,790	236,747	48,922		4,337,615
Furniture and equipment	551,538	45,448	8,500		588,486
Total capital assets	\$ 21,574,111	1,007,683	57,422	0	22,524,372

*Adjustments are to reflect certain routine reclassifications of completed construction in progress to infrastructure.

MONTGOMERY COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2018
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Principal Payments	Balance Sept. 30, 2018
Governmental Activities:						
A. General Obligation Bonds:						
DHS Justice Court building	03/2010	03/2024	4.10%	\$ 227,000	29,000	198,000
General obligation public improvement bonds	03/2014	02/2034	3.00/4.00%	890,000	40,000	850,000
B. Other Loans:						
MDA Cap Loan - Mental Health building	06/2003	05/2022	3.00%	33,175	6,549	26,626
MDA Cap Loan - Screw Conveyor	06/2012	05/2035	3.00%	284,097	12,253	271,844
Total				\$ 1,434,272	87,802	1,346,470

The accompanying notes to the Other Information are an integral part of this statement.

MONTGOMERY COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
UNAUDITED

Name	Position	Company	Bond
Keith McGee	Supervisor District 1	Western Surety Company	\$100,000
Edwin Taylor	Supervisor District 2	The Ohio Casualty Insurance Company	\$100,000
Willie Townsend Jr.	Supervisor District 3	The Ohio Casualty Insurance Company	\$100,000
James Ronald Wood, Jr.	Supervisor District 4	Western Surety Company	\$100,000
Janet Harper	Supervisor District 5	The Ohio Casualty Insurance Company	\$100,000
Ryan Wood	County Administrator	The Ohio Casualty Insurance Company	\$100,000
Ryan Wood	Chancery Clerk	The Ohio Casualty Insurance Company	\$100,000
Ryan Wood	Purchase Clerk	The Ohio Casualty Insurance Company	\$75,000
Terri L. Wilson	Receiving Clerk	Western Surety Company	\$75,000
Debbie Crenshaw	Assistant Receiving Clerk	State Automobile Mutual Insurance Company	\$50,000
Laura Ables	Assistant Receiving Clerk	The Ohio Casualty Insurance Company	\$50,000
Brandi Holly	Assistant Receiving Clerk	The Ohio Casualty Insurance Company	\$50,000
Ryan Wood	Inventory Control Clerk	The Ohio Casualty Insurance Company	\$75,000
Ashly Eldridge	Assistant Inventory Control Clerk	State Automobile Mutual Insurance Company	\$50,000
Chris Breazeale	Road Manager	The Ohio Casualty Insurance Company	\$50,000
L.C. Smith	Constable	Western Surety Company	\$50,000
Jerry Dale Bridges	Constable	Western Surety Company	\$50,000
Lanelle G. Martin	Circuit Clerk	Western Surety Company	\$100,000
Lesa Carole Goldman	Deputy Circuit Clerk	Old Republic Surety Company	\$50,000
Jerry C. "Bubba" Nix	Sheriff	Western Surety Company	\$100,000
Jody Windham	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Old Republic Surety Company	\$50,000
James Burton	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	State Automobile Mutual Insurance Company	\$50,000
Calvin Young	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	State Automobile Mutual Insurance Company	\$50,000
Charles M. Burrell	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Barry Gregg	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Ryan Smith	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	State Automobile Mutual Insurance Company	\$50,000
Shawn Ware	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Bailey Lott	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Larry Edward Bamberg	Justice Court Judge	The Ohio Casualty Insurance Company	\$50,000
Keith S. Roberts	Justice Court Judge	Western Surety Company	\$50,000
Karen T. Carter	Justice Court Clerk	Western Surety Company	\$75,000
Tilford Robinson	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jennifer Johnson	Deputy Justice Court Clerk	The Ohio Casualty Insurance Company	\$50,000
Velma Young	Tax Assessor-Collector	Western Surety Company	\$100,000
Sharon Pyron	Deputy Tax Collector	The Ohio Casualty Insurance Company	\$50,000
Mary Brianna Bailey	Deputy Tax Collector	State Automobile Mutual Insurance Company	\$50,000
Monica S. Turner	Deputy Tax Collector	Old Republic Surety Company	\$50,000

MONTGOMER COUNTY

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MONTGOMERY COUNTY

Notes to Other Information For the Year Ended September 30, 2018

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and the major Special Revenue Fund.

(2) Long-term Debt Information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2018, the amount of outstanding debt was equal to 1.54% of the latest property assessments.

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

SPECIAL REPORTS

MONTGOMERY COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Montgomery County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 16, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montgomery County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2018-001, 2018-002, 2018-003, 2018-004, 2018-005 and 2018-006 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Montgomery County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 16, 2020, included within this document.

Montgomery County's Responses to Findings

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Montgomery County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 16, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Supervisors
Montgomery County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Montgomery County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Montgomery County, Mississippi's major federal program for the year ended September 30, 2018. Montgomery County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Montgomery County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Montgomery County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Montgomery County, Mississippi's compliance.

Opinion on the Major Federal Program

In our opinion, Montgomery County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of Montgomery County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montgomery County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 16, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors
Montgomery County, Mississippi

We have examined Montgomery County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Montgomery County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Montgomery County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code section. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below.

Inventory Control Clerk.

1. Capital asset purchases should be recorded in the capital asset records.

Repeat Finding No

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain and inventory control system. Adequate internal controls over capital assets should include proper recording of additions.

Condition During audit test work, it was noted that asset additions totaling \$198,157 were not included in the capital asset subsidiary records.

Cause	The Inventory Control Clerk lacked the necessary controls over the inventory control system.
Effect	The failure to record all capital asset transactions could result in the loss or misappropriation of capital assets.
Recommendation	The Inventory Control Clerk should establish adequate control procedures over the inventory control system and properly record additions in the capital asset subsidiary records.

Views of Responsible

Official(s) We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Montgomery County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Montgomery County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Montgomery County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 16, 2020

MONTGOMERY COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2018

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
4/02/2018	Cold mix	\$130/ton	Lehman-Roberts	\$100/ton	Quality issues
5/21/2018	Cold mix	\$130/ton	APAC	\$100/ton	Quality issues
7/17/2018	Cold mix	\$130/ton	Lehman-Roberts	\$100/ton	Quality issues
8/27/2018	Cold mix	\$130/ton	APAC	\$100/ton	Quality issues

MONTGOMERY COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

Our tests did not identify any emergency purchases.

MONTGOMERY COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
8/17/2018	CAD upgrade	\$	31,475	Central MS Communications
5/23/2018	Install bridge pilings		6,700	J.J. Ferguson

MONTGOMERY COUNY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Montgomery County, Mississippi

In planning and performing our audit of the cash basis financial statements of Montgomery County, Mississippi (the County) for the year ended September 30, 2018, we considered Montgomery County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Montgomery County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 16, 2020, on the financial statements of Montgomery County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Fees for taxes collected by the Tax Assessor-Collector for taxing authorities other than the Board of Supervisors should be deposited into the General Fund of the County and properly classified on the financial statements.

Repeat Finding No

Criteria Section 25-7-21(1), Miss. Code Ann. (1972), requires the County to deposit into the General Fund all fees received by the Tax Assessor-Collector for taxes collected for taxing authorities other than the Board of Supervisors.

Condition We identified three months in which the County deposited the aforementioned fees totaling \$11,608 directly into the Unit System Road and Bridge Maintenance Fund. These fees were also incorrectly classified as road and bridge privilege taxes on the compiled financial statements.

Cause The Board of Supervisors did not comply with state law.

Effect	Depositing general fund receipts directly to other funds precludes the Board of Supervisors from exercising its discretion in how these receipts are allocated.
Recommendation	The County should deposit all aforementioned fees directly to the General Fund, and any transfers from the General Fund should be approved by the Board of Supervisors in the minutes. Additionally, the Board of Supervisors should ensure that the aforementioned fees are consistently and properly classified in the financial statements.
Views of Responsible Official(s)	We will comply.
2.	<u>The four-year road plan should be spread upon the minutes.</u>
Repeat Finding	No
Criteria	Section 65-7-117, Miss. Code Ann. (1972), states that the Board of Supervisors shall on or before February 1 of each year, adopt and spread upon its minutes a four-year plan for the construction and maintenance of County roads and bridges.
Condition	The County did not adopt and spread upon the minutes a four-year road plan by February 1.
Cause	The County did not comply with state law.
Effect	Failure to comply with state law could result in the County not identifying and effectively prioritizing their road construction and maintenance projects.
Recommendation	The County should design and implement policies to ensure that it adopts and publishes a four-year road plan by February 1 of each year.
Views of Responsible Official(s)	We will comply.
3.	<u>Additional privilege tax proceeds should be distributed in the same manner as ad valorem tax proceeds.</u>
Repeat Finding	No
Criteria	Section 27-19-11, Miss. Code Ann. (1972), states that the counties shall distribute the additional privilege tax proceeds in the same manner as ad valorem tax proceeds.
Condition	During fiscal year 2018, the County distributed the additional privilege tax proceeds using an allocation ratio based on out-of-date ad valorem tax rates, instead of using the rates set for fiscal year 2018.
Cause	The County did not update its allocation ratio to reflect the current millage rates.
Effect	Failure to update the County's additional privilege tax allocation ratio to reflect current ad valorem tax rates could result in inaccurate distributions of these tax proceeds.
Recommendation	The County should update its additional privilege tax allocation ratio annually to reflect current ad valorem tax rates.

**View of Responsible
Official(s)**

We will comply.

4. The Public Depositors Annual Report should be submitted to the Office of the State Treasurer within thirty days of fiscal year-end.

Repeat Finding

No

Criteria

Section 27-105-5(6)(b), Miss. Code Ann. (1972), requires the County to submit the Public Depositors Annual Report to the Office of the State Treasurer within thirty days of the fiscal year-end.

Condition

The County submitted the Public Depositors Annual Report to the Office of the State Treasurer later than thirty days after the fiscal year ended September 30, 2018.

Cause

The County did not comply with state law.

Effect

Failure to timely submit the Public Depositors Annual Report could result in the loss or misappropriation of County funds.

Recommendation

The County should improve its monitoring function to ensure that all reports with statutory deadlines are timely submitted.

**Views of Responsible
Official(s)**

We will comply.

Montgomery County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 16, 2020

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unmodified |
| | Unit System Road and Bridge Maintenance Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Internal control over major federal programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Identification of major federal programs: | |
| | a. CFDA #97.036, Disaster Grants-Public Assistance (Presidentially declared disasters) | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2018-001. An adequate system of internal control over payroll procedures should be implemented.

Repeat Finding Yes

Criteria An effective system of internal control over the county payroll should include proper segregation of duties.

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Condition	As reported in the prior four years' audit reports, inadequate controls exist in the payroll function. One employee has control over the authorization, recordkeeping, and custody of payroll transactions.
Cause	The County lacked the necessary controls over payroll procedures.
Effect	Without proper controls, inaccurate payroll checks could be processed.
Recommendation	The Board of Supervisors should hire additional personnel, if feasible, to allow for adequate segregation of duties over payroll procedures.
Views of Responsible Official(s)	Not feasible at this time.

Material Weakness

2018-002.	<u>The County should establish controls to ensure the Schedule of Expenditures of Federal Awards is accurately prepared.</u>
Repeat Finding	No
Criteria	An effective system of internal control over federal award programs should include adequate subsidiary records documenting all receipts, disbursements, and identifying information for each federal award received.
Condition	The County did not report all federal award disbursements on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2018, and erroneously included disbursements which were applicable to the prior fiscal year. As a result, several corrections were proposed by the auditor and made by the County to the Schedule of Expenditures of Federal Awards.
Cause	The County did not consistently maintain its subsidiary records relating to federal award disbursements.
Effect	The failure to accurately complete the Schedule of Expenditures of Federal Awards increases the possibility of reporting incorrect amounts of federal disbursements, as well as the possibility of excluding federal grants on the Schedule of Expenditures of Federal Awards.
Recommendation	The County should maintain adequate subsidiary records documenting all receipts and disbursements to each federal grant received.
Views of Responsible Official(s)	We will comply.

Chancery Clerk.

Material Weakness

2018-003.	<u>Controls over cash collections and disbursements in the Chancery Clerk's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate segregation of duties.

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Condition	As reported in the prior seven years' audit reports, cash collections and disbursement functions are not adequately segregated for effective internal control. One employee receipts cash, prepares deposit slips, posts to the detail general ledger, and disburses all funds.
Cause	The Chancery Clerk lacks the controls necessary over cash collections and disbursements.
Effect	Failure to have an adequate segregation of duties could result in the loss of public funds.
Recommendation	Accounting functions involving receipting and disbursing of funds, recording of funds, and reconciling of accounts should be properly segregated.
Views of Responsible Official(s)	We do our best to segregate with limited staff.

Circuit Clerk.

Material Weakness

2018-004. Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.

Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate segregation of duties.
Condition	As reported in the prior seven years' audit reports, cash collections and disbursement functions in the Circuit Clerk's office are not adequately segregated for effective internal control. The Circuit Clerk receipts cash, posts the cash journal, calculates the monthly settlements and disburses the funds and reconciles the bank statements.
Cause	The Circuit Clerk lacks the controls necessary over cash collections and disbursements.
Effect	Failure to have an adequate segregation of duties could result in the loss of public funds.
Recommendation	The Circuit Clerk should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	With only two (2) individuals in this office, it is impossible to completely segregate responsibilities; however, as much as possible, we try to do so. As much as possible, my deputy clerk receipts and deposits the funds coming into this office. When making a deposit, she prints and hands me a "Deposit Report" which lists, among other things, a receipt number, the payor of the funds received, and the amount of each payment. I then print a "Cash Journal" which lists, among other things, a receipt number, the payor of the funds received, the amount of each payment received, and breaks the funds down, i.e., clerk's fees, law library, copies, record search, etc. The "Report Total" on the Deposit Report (from my deputy clerk) and the "Ending Balance" on the Cash Journal (which I print) must be the same. Thus, if the Report Total and Ending Balance are not the same, then I know there is a problem and further checking is done. My deputy clerk has limited access to the accounting system and does not have access to the cash journal.

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Tax Assessor-Collector.

Material Weakness

2018-005. Controls over cash collections and disbursements in the Tax Assessor-Collector's office should be strengthened.

Repeat Finding Yes

Criteria An effective system of internal control should include an adequate segregation of duties.

Condition As reported in the prior seven years' audit reports, cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated for effective internal control. The Tax Assessor-Collector receipts cash, prepares deposits, posts to the cash journal, calculates the monthly settlements, reconciles the bank statements, and disburses all funds.

Cause The Tax Assessor-Collector lacks the controls necessary over cash collections and disbursements.

Effect Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation The Tax Assessor-Collector should implement a system for review of the accounting records by another person.

Views of Responsible Official(s) I will comply as best I can.

Material Weakness

2018-006. The Tax Assessor-Collector applied an incorrect assessment value on a public utilities company.

Repeat Finding Yes

Criteria The Mississippi Department of Revenue provides the Tax Assessor-Collector with assessed values for public utilities entities for each tax year, which should be used as a basis to calculate ad valorem taxes due the County from these companies.

Condition As reported in the prior year audit report, the Tax Assessor-Collector erroneously included exempt amounts in the taxable value for a public utilities company, resulting in an incorrect (higher) ad valorem tax assessment for the company in the 2017 taxable year.

Cause The Tax Assessor-Collector selected the wrong value from the Mississippi Department of Revenue printout.

Effect Incorrect assessment inputs could result in ad valorem taxes being over or under-collected.

Recommendation The Tax Assessor-Collector should ensure that all exempt amounts are factored into her assessment calculations.

Views of Responsible Official(s) I will comply as best I can.

Section 3: Federal Award Findings and Questioned Costs

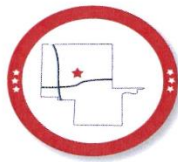
The results of our tests did not disclose any findings and questioned costs related to federal awards.

MONTGOMERY COUNTY

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

The Crossroads of Mississippi
EST. 1871

614 SUMMIT ST. / PO BOX 71 WINONA, MS 38967
P 662-283-2333 F 662-283-2233

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Supervisors

For the year ended September 30, 2018

Keith McGee
District I

Edwin Taylor
District II

Willie Townsend, Jr.
District III

Ron Wood
District IV

Ronald White
District V

Ryan Wood
Chancery Clerk

Ryan Taylor
Board Attorney

Christian Gardner
County Engineer

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, MS 39201

The Montgomery County Board of Supervisors respectfully submits the following summary schedule of prior audit findings relative to federal awards.

DEPARTMENT OF HOMELAND SECURITY

Finding No. 2017-008: Disaster Grants – Public Assistance, CFDA No. 97.036

Condition: During the test work, we noted one instance where funds were drawn down from the pass-through entity 32 days prior to disbursement by the County.

Recommendation: We recommend the County implement procedures to ensure that the time between the transfer of funds from the pass-through entity and subsequent disbursement by the County is minimized to the greatest extent possible.

Current Status: Corrective action was taken.

Sincerely,

Ron Wood
President, Montgomery County Board of Supervisors